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January 3, 2019

**Via Electronic Copy**

Randall Barton  
Dream Center Educational Holdings  
1255 S Spectrum Blvd  
Chandler, AZ 85286

Dear Randall,

Thank you for submitting documentation on December 31, 2018, requesting approval from the Northwest Commission on Colleges and Universities (NWCCU) regarding a change in Form of Control related to The Art Institute of Seattle (AiS). According to NWCCU Substantive Change Procedures, a Substantive Change panel has been formed and is in the process of expediting the review. The panel met yesterday, reviewed all documentation submitted by AiS, and has additional questions related to the change in Form of Control.

The panel requests additional details related to the following:

NWCCU Eligibility Requirement 9 requires that the institution employ “a sufficient number of qualified administrators who provide effective leadership and management for the institution’s major support and operational functions and work collaboratively across institutional functions and units to foster fulfillment of the institution’s mission and achievement of its core themes.”

NWCCU Standard 4 requires that an institution possesses “sufficient organizational and operational independence to be held accountable and responsible for meeting the Commission’s Standards and Eligibility Requirements.”

With respect to NWCCU Eligibility Requirement 9, the panel determined that AiS’s documentation does not provide evidence that a sufficient number of qualified administrators are in place to maintain eligibility. While a full-time Campus Director provides executive oversight, the ability to support operational functions across the institution have not been adequately addressed. The panel understands that many functions are proposed to be serviced through third-party agreements; however, a complex, independent educational enterprise requires the identification of additional resources to fulfill NWCCU eligibility requirements, whether provided by a third-party or by employees of AiS.

With respect to NWCCU Standard 4, the panel does not believe that AiS has clearly delineated the roles and responsibilities under the proposed governance structure to fairly characterize AiS as “independent.” For example, it is not clear how Studio and The Educational Principle Foundation will create separations and lines of authority and maintain independence. It’s also unclear whether Studio or Studio’s representatives will have influence over or the ability to appoint members to The Educational Principle Foundation, which may then appoint members to the AiS board. In addition, such uncertainty does not align with statements in other documents, which state that Studio will be a third-party without interests in or control of AiS.

The Substantive Change panel requests AiS submit additional documents to clarify the above concerns and questions.

In addition, given NWCCU's lack of knowledge of Studio, the panel requests additional documents related to the organization's relationship to AiS, its personnel and their credentials, its service history, its finances, and its areas of demonstrated expertise relevant to the educational enterprise.

Finally, the panel recommends NWCCU work with the Washington Student Achievement Council (WSAC) to align processes related to any change in Form of Control. NWCCU is in receipt of WSAC's January 2, 2019 letter to AiS. NWCCU requests inclusion on all correspondence by and between AiS and WSAC related to this important approval process.

The panel looks forward to reviewing these additional documents.

We urge you to promptly submit the additional documents to NWCCU, because the panel will be making its recommendation to the NWCCU at its January 9-11, 2019 Commission meeting.

AiS continues to remain accredited by NWCCU and the deferral of a decision related to its most recent Spring 2018 Year Seven Evaluation and visit, and subsequent Fall 2018 Special Reports, is pending review at the January 2019 NWCCU meeting.

Due to the current accreditation status of AiS and the pending Substantive Change under review, the NWCCU expresses serious concern regarding AiS's ability to meet NWCCU Eligibility Requirements.

I refer you to NWCCU Policy on Substantive Change: "The Commission requires the institution to obtain prior approval of the substantive change before the Commission includes the change in the scope of the accreditation or preaccreditation granted to the institution" and if the NWCCU determines that a Substantive Change has been initiated without approval, the NWCCU may issue an order for the institution to show cause why its accreditation or candidate status should not be terminated. (<http://www.nwccu.org/wp-content/uploads/2018/06/Substantive-Change-Policy-2018.pdf>).

I look forward to working with you to promptly and successfully address concerns and questions delineated above. Please let me know if you have questions or need clarification.

Sincerely,



Mac Powell, MBA, PhD  
Senior Fellow  
Northwest Commission on Colleges and Universities

cc: Dr. Diane Auer Jones, Deputy Under Secretary of Education  
Dr. Sonny Ramaswamy, President, NWCCU  
Sam Loftin, Washington Student Achievement Council  
Lindsey Morgan, Campus Director, AiS